ELBIT SYSTEMS REPORTS FIRST QUARTER RESULTS

- Revenues Increase 12%; Net Income Up 29% -

HAIFA, Israel – May 5 1998 -- Elbit Systems Ltd. (NASDAQ/NM symbol: ESLTF) today announced results for the first quarter ended March 31, 1998.

Revenues for the quarter ended March 31, 1998 were $103.1 million, an increase of 12% compared with $91.8 million for 1997. Gross profit for the quarter was $28.6 million compared with $24.4 million for the same period last year. Net income for the quarter was $6.1 million, or $0.23 per share (diluted), compared with $4.7 million, or $0.20 per share (diluted), for the first quarter 1997.

Per share results for the quarter were affected by an increase in the weighted average number of shares outstanding due to the Company's public offering of 3,223,750 ordinary shares completed in the fourth quarter of 1997.

The Company's backlog of orders as of March 31, 1998 was $655 million compared with $670 million as of December 31, 1997. Orders from outside Israel constituted approximately 79% of the backlog at the end of the quarter with 83% of the backlog scheduled to be performed in 1998 and 1999.

. Commenting on the results, Mr. Joseph Ackerman, President and Chief Executive Officer said: "This is the fifth consecutive quarter of growth in revenue, gross profit and net income over the corresponding previous periods, while increasing investments in research and development as well as in marketing activities. It is our intention to continue to enhance our technological personnel and further expand our market presence in order to maintain our leading position and continue the growth of the Company."

The Board of Directors declared a dividend for the first quarter of 1998 of $0.05 per share. The record date for the dividend is July 6, 1998 and will be paid on July 20, 1998 net of taxes and levies to be withheld at the rate currently estimated to be 25%.

Elbit Systems Ltd. is engaged in a wide range of defense-related airborne, ground and command, control and communications ("C3") programs throughout the world. The Company focuses on upgrading of existing military platforms and developing new technologies for defense applications.

Forward looking statements with respect to the Company's business, financial condition and results of operations, in this release are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements, including, but not limited to, product demand, pricing, market acceptance, changing economic conditions, risks in product and technology development, the effect of the Company's accounting policies as well as certain other risk factors which are detailed from time to time in the Company's SEC filings.

ELBIT SYSTEMS LTD.

Condensed Statements of Operations

[U.S. Dollars in thousands, except per share data]

	(3 Months ended)		(Year ended)
	03/31/98	03/31/97	12/31/97
	(Unaudited)	(Unaudited)	(Audited)
Renevues	103,061	91,807	372,342
Cost of revenues	74,436	67,430	271,795
Gross profit	28,625	24,377	100,547
Research & Dev. costs, net	9,641	8,355	27,884
Marketing & selling expenses	7,808	6,493	28,264
General & Administrative exp.	3,078	3,168	13,232
	20,527	18,016	69,380
Operating income	8,098	6,361	31,167
Finance income (expenses), net	48	101	(316)
Other income (expenses), net	44	30	83
Income before income taxes	8,190	6,492	30,934
Provision for income taxes	2,081	1,388	8,316
	6,109	5,104	22,618
Company's share of partnership loss	(55)	(425)	(463)
Net income	6,054	4,679	22,155
Basic net income per share	0.25	0.22	1.00
Weighted average number of shares used in computation (in thousands)	24,613	21,386	22,187
Diluted net income per share	0.23	0.20	0.92
Weighted average number of shares used in computation (in thousands)	26,672	23,330	24,202

Assets	03/31/98	12/31/97
	(Unaudited)	(Audited)
Current Assets		
Cash and short term deposites	56,880	58,190
Trade receivables and others	72,868	70,969
Inventories, net of advances	79,091	87,001
Total Current Assets	208,839	216,160
Deposites and long-term loans	64,702	49,075
Long term receivables and others	24,319	24,697
Fixed assets, net	31,570	29,797
Other assets, net	763	958
	330,193	**320,687**
Liabilities and Shareholders' Equity		
Current liabilities	155,466	154,692
Long-term liabilities	34,544	30,675
Shareholders' equity	140,183	135,320
	330,193	**320,687**